



CONNECTICUT
FUNERAL DIRECTORS
ASSOCIATION

Written Testimony of Nicole I. Granados, CFSP, CPC
Legislative Chairperson, Secretary
Connecticut Funeral Directors Association

March 12, 2008

Raised Bill No. 5901 An Act Concerning Prepaid Funeral Contracts
General Assembly's Public Health Committee

Good day Senator Handley, Representative Sayers and members of the Public Health Committee, my name is Nicole Granados and I am a funeral director, embalmer and a certified preplanning consultant. I am here today as the legislative chairperson for the CT Funeral Director's Association but I am also the voice of the many pre-planning families whom I continue to have the privilege to assist. I am grateful for this opportunity to provide this testimony today and I thank you for raising Bill No. 5901: An Act Concerning Prepaid Funeral Contracts.

The CT Funeral Directors Association supports the raised bill. The bill does demonstrate an immediate relief for pre-need families, but it does not take away the resulting fact that in many situations, that two pre-paid funeral contracts will still need to be prepared (one capped irrevocable and one unlimited revocable for exempt burial plot allowances). We recommend that the bill be amended to entirely eliminate the artificial cap. The result of this action will produce a single, unified contract: an irrevocable trust that has no artificial cap.

We feel that a single unified contract will be beneficial in the following ways:

- Simpler for families to understand during a time that is emotional
- Promotes Peace of Mind, especially for those seniors who want to take care of things so their children won't have to.
- Freedom of choice for the families to select an appropriate funeral based on the way that they live their lives.
- Fully provides for traditions, customs and funeral rituals for the families so varied within our state
- Avoids "overspending" of family to reach an artificial cap amount.

Please see the attached letter from Bonnie L. Timmy, Executive Director of the New York Funeral Directors Association. "Our data shows that prior to implementation of the new law in 1997, the average Medicaid consumer account was \$6,284. Today, four years following the effective date, the average Medicaid consumer account is \$6091, which represents a 3% decrease even in the face of four years of inflation."

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- Resolve the pricing disparity within the state, particularly for families in Fairfield county
- Connecticut would be up to date with 45 other states, who provide for a single unlimited contract. Connecticut is one of two states east of the Mississippi River to have an artificial cap.
- Will not penalize Connecticut families from pre-planning with an in-state funeral provider. Out of state pre-paid funeral contracts, in any amount, are being accepted for Medicaid in CT.

In conclusion, the Connecticut Funeral Directors Association does support the raised bill, preferably amended to reflect a single unified contract. We will continue to assist in any way that the committee may like to gain passage of this legislation. We commend you for raising this bill and your shared concerns with the families that we are privileged to serve. I welcome any questions that you may have at this time.

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January 26, 2001

Mr. John Casio
Executive Director
Connecticut Funeral Directors Association
350 Silas Deane Hwy., Suite 202
Wethersfield, CT 06109

Dear John:

I am writing regarding your request for information on Medicaid prepaid trust accounts and how our laws have impacted the amount of monies paid in advance for funerals by Medicaid recipients in our state.

As you are aware, prior to a change in our law in 1996, New York applicants for Medicaid were required to create two accounts for their burial trusts. One account was limited to \$1500 in services and the other "burial space" account was unlimited in terms of merchandise. This methodology of accounting was very confusing for consumers, and the accounts were revocable, which complicated the issue of eligibility under certain circumstances. In addition, because the burial space account was unlimited, elder care attorneys would often urge their clients to overfund the funeral because this was a legal loophole that would allow them to shelter assets.

The law we championed went into effect January 1, 1997. It created one irrevocable account for burial trusts developed for applicants and/or recipients of Medicaid and SSI. This meant the elimination of the very confusing two account system. In addition, the law mandates that any overage in the account remaining after all funeral expenses have been paid must be remitted to the local county indigent burial fund. We included this mandate in our proposed legislation in order to eliminate the problem of consumers overfunding these accounts in order to shelter assets. We believed then and know now that caps are inadvisable because they create floors, not ceilings, and make no provision for the very real differences in funeral costs between large metropolitan areas and more rural locations.

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Mr. John Casio
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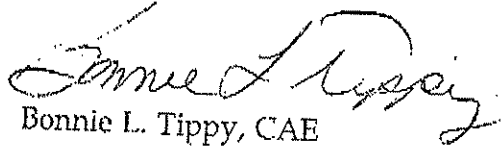
We can demonstrate the correctness of our position regarding caps versus a total disincentive for overfunding funerals (that is, overages being returned to government). We have extracted data from PrePlan, the \$220 million dollar prepaid funeral trust operated by the New York State Funeral Directors Association, which dramatically demonstrates our position. PrePlan represents over 40,000 individual consumer accounts, which we believe represents at least 20% of all prepaid funeral accounts in New York. Our data shows that prior to implementation of the new law in 1997, the average Medicaid consumer account was \$6,284. Today, four years following the effective date, the average Medicaid consumer account is \$6091, which represents a 3% decrease even in the face of four years of inflation.

The \$6091 is an average throughout the state. Our data also shows that there is approximately a \$1000 difference in the price of funerals between metropolitan New York City and upstate New York, New York City being the higher priced.

In conclusion, our law has had the effect of controlling the overfunding of funeral burial trusts while recognizing the real differences in funeral costs between metropolitan and rural areas. At the time we were working on passage of this legislation, we shared with Medicaid and other officials our strong belief that families simply do not buy more funeral than what it is in the tradition of their family to buy. I believe our data amply supports this premise and that implementation of the statute has been most successful.

Please feel free to call me at anytime if you wish to discuss this important matter further.

Sincerely,


Bonnie L. Tippy, CAE

cc: John Carmon, Carmon Community Funeral Homes, Inc.
Diana Kurz, Newington Memorial Funeral Home